

U S WEST, Inc.
1801 California Street, Suite 5100
Denver, Colorado 80202
303 672-2860
Facsimile 303 295-6973

USWEST

James T. Hannon
Senior Attorney

March 4, 1999

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

RECEIVED
MAR 4 1999
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

EX PARTE

Re: Petition of U S WEST Communications, Inc. for Forbearance from
Regulation as a Dominant Carrier for High Capacity Services in
Phoenix, Arizona MSA, CC Docket No. 98-157 /

Petition of U S WEST Communications, Inc. for Forbearance from
Regulation as a Dominant Carrier for High Capacity Services in the
Seattle, Washington MSA, CC Docket No. 99-1

On March 1, 1999, U S WEST filed an ex parte presentation with Tamara Preiss, Competitive Pricing Division, Common Carrier Bureau in the above-mentioned proceedings. A redacted version was also filed concurrently with the Secretary's office. The redacted version inadvertently failed to include the ex parte cover letter to Tamara Preiss. Attached is a complete ex parte presentation including the letter to the Secretary, the ex parte cover letter to Tamara Preiss and the redacted attachments. U S WEST apologizes for any inconvenience this may have caused.

An original and six copies are enclosed. In addition, another copy is provided to be stamped and returned to the messenger who has been instructed to wait for it. Please contact Ms. BB Nugent at 202-429-3131 with any questions.

Respectfully submitted,

James T. Hannon
James T. Hannon (RH)

c: Tamara Preiss

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EX PARTE

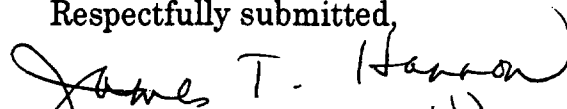
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Attached, please find a redacted ex parte presentation made today with
Tamara Preiss, Competitive Pricing Division, Common Carrier Bureau in the
above-mentioned proceedings. In its ex parte presentation U S WEST
Communications, Inc. requests, pursuant to Section 0.457 and 0.459 of the Federal
Communication's Rules, confidential treatment of the contracts contained in
Attachment 3 and identified as "Confidential."

An original and six copies are enclosed. In addition, another copy is provided
to be stamped and returned to the messenger who has been instructed to wait for it.
Please contact Ms. BB Nugent at 202-429-3131 with any questions.

Respectfully submitted,

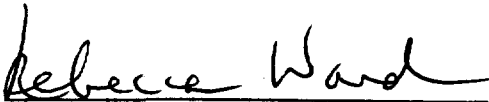

James T. Hannon (RH)

c: Tamara Preiss

CERTIFICATE OF SERVICE

I, Rebecca Ward, do hereby certify that on this 1st day of March, 1999, I have caused a copy of the foregoing **EX PARTE** to be served, via hand delivery, upon the person listed below:

Tamara Preiss
Federal Communications Commission
Room 518
1919 M Street, N.W.
Washington, DC 20554


Rebecca Ward

U S WEST, Inc.
1801 California Street, Suite 5100
Denver, Colorado 80202
303 672-2860
Facsimile 303 295-6973



James T. Hannon
Senior Attorney

March 1, 1999

Tamara Preiss, Esquire
Competitive Pricing Division
Common Carrier Bureau
Federal Communications Commission
Room 518
1919 M Street, N.W.
Washington, DC 20054

EX PARTE

Re: Petition of U S WEST Communications, Inc. for Forbearance from
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Dear Ms. Preiss,

On January 22, 1999, Ms. BB Nugent, Mr. John Kure, and I met with you and other Federal Communications Commission ("Commission") Staff to discuss U S WEST Communications, Inc.'s ("U S WEST") petitions requesting that the Commission forbear from regulating it as a dominant provider of high capacity (*i.e.*, DS1 and above) special access and dedicated transport for switched access services ("high capacity services") in the Phoenix, Arizona and Seattle, Washington MSAs filed on August 24, 1998 and December 30, 1998, respectively. In that meeting, numerous questions arose with respect to the petitions and the level of regulation that U S WEST faces in Arizona and Washington. U S WEST was asked to submit additional information in order to assist the Commission Staff in evaluating U S WEST's requests for regulatory relief. This letter partially responds to the Staff's information


requests. Further information will be submitted as soon as it is compiled and reviewed to determine whether it is responsive to the Staff's inquiries.

I have enclosed the following three attachments to assist the Staff in its review:

- Attachment 1 summarizes the regulatory classifications that are used to regulate U S WEST's intrastate access services in Arizona and Washington. This attachment demonstrates that U S WEST has significantly greater freedom to respond to competition for high capacity business at the intrastate level than it currently does at the interstate level.
- Attachment 2 contains maps of the Phoenix MSA and the Seattle MSA, respectively, which show the dispersion of U S WEST's high capacity services in the MSAs and the extensive coverage of competitive fiber routes. The second set of maps show the overlay of business density and illustrate that competitive fiber routes serve the most densely populated business corridors in the Phoenix and Seattle MSAs, respectively.
- Attachment 3 consists of five sample contracts with business customers for a variety of intrastate services. Pursuant to 47 C.F.R. Sections 0.457 and 0.459 of the Commission's Rules, U S WEST requests that these contracts be treated as confidential information, not subject to public disclosure. These contracts are not publicly available documents and contract provisions and accompanying language are, by their nature, competitively sensitive information. All of the information for which U S WEST requests confidential treatment has been labeled "Confidential."

A redacted copy of this ex parte presentation has been filed with the Secretary's office. Please contact Ms. BB Nugent at 202-429-3131 with any questions.

Respectfully submitted,


James T. Hannon (KH)

ATTACHMENT 1

U S WEST
High Capacity Forbearance

State Regulatory Classifications

Arizona:

1. Regulatory Classifications of Services -
 - Tariffed
 - Competitively Classified – Can price at any level at or below the maximum rate stated in the company's tariff on file with the commission, provided that the price for the service is not less than the company's total service long-run incremental cost of providing the service. Price changes can occur on one days' notice to commission.
 - Deregulated – Outside the scope of commission authority.
2. Requirements for Competitive Classification -
 - A telecommunications company may petition the commission to classify as competitive any service or group of services provided by the company.
 - Competitive classification filing must include the following information as specified by statute:
 - ✓ A description of the general economic conditions that exist which make the relevant market for the service one that is competitive;
 - ✓ The number of alternative providers of the service;
 - ✓ The estimated market share held by each alternative provider of the service;
 - ✓ The names and addresses of any alternative providers of the service that are also affiliates of the telecommunications company, as defined in R14-2-801;
 - ✓ The ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms, and conditions; and
 - ✓ Other indicators of market power, which may include growth and shifts in market share, ease of entry and exit, and any affiliation between and among alternative providers of the services.
3. Requirements for Deregulation -
 - When the commission determines after notice and hearing that any product or service of a telecommunications corporation is neither essential nor integral to the public service rendered by such corporation, it shall declare that such product or service is not subject to regulation by the commission.
4. Services Classified as Competitive -
 - Currently includes intraLATA toll, private line, Centrex products, High Capacity, ACS, i.e. frame relay, ISDN, Inside Wire, Voice messaging, and some vertical features.
5. Services Classified as Deregulated -
 - Currently have a petition pending before the commission for deregulation of voice messaging. Additionally, a request for deregulation of digital high capacity services, including Frame Relay, ATM Cell Relay, LAN Switching, Transparent LAN, Megabit, and DS1 and DS3 Transport services, is incorporated into the rate case currently pending before the commission.

U S WEST
High Capacity Forbearance

State Regulatory Classifications

Washington:

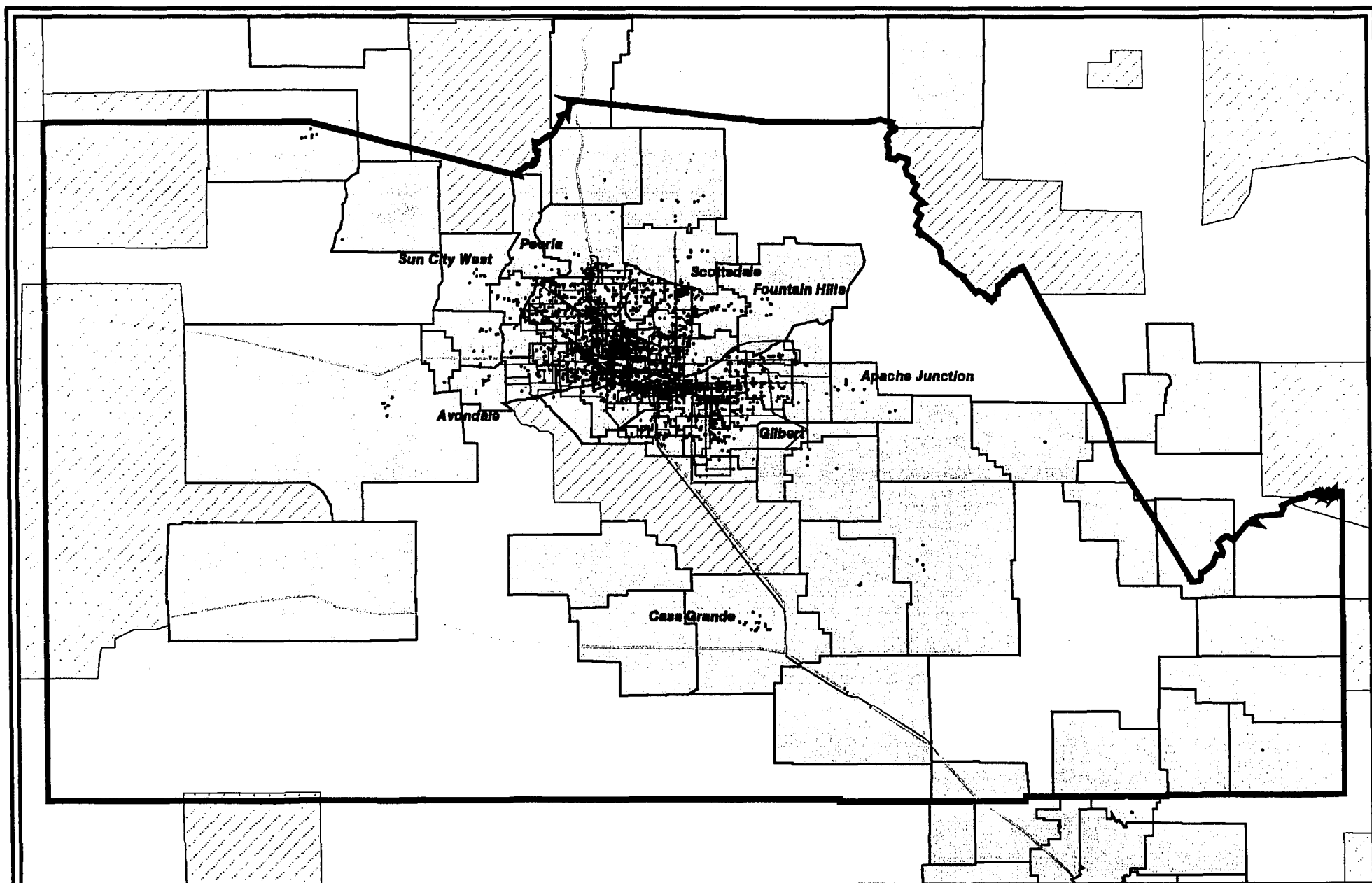
1. Regulatory Classifications of Services -
 - Tariffed
 - Rate Banded – Service is tariffed with minimum and maximum rates. Price changes can occur on 10 days' notice to commission.
 - Competitively Classified – Services are price listed. Price changes can occur on 10 days' notice to commission.
 - Deregulated – Outside the scope of commission authority.
2. Requirements for Competitive Classification -
 - The commission may classify a telecommunications service as a competitive if it finds, after notice and hearing, that the service is subject to effective competition.
 - Effective competition means that customers of the service have reasonably available alternatives and that the service is not provided to a significant captive customer base.
 - Competitive classification filing must include the following information as specified by statute:
 - ✓ Number and size of alternative providers of service;
 - ✓ The availability of substitute services at competitive rates, terms and conditions;
 - ✓ Other indicators of market power which may include market share, growth in market share, ease of entry, and affiliation of providers of services; and
 - ✓ Geographic delineation of the relevant market.
 - Commission has 6 month regulatory clock to rule on competitive classification filing.
3. Services Classified as Competitive -
 - Currently includes IntraLATA Toll, Calling Card, Centron Management Services, Prime Saver, CENTREX type services, SMDI, Speed Call, and Intracall services.
 - Petition for competitive classification for High Capacity Services (DS1 and above including SONET) is currently pending before the commission.
4. Services Classified as Deregulated -
 - Currently includes pay telephones, inside wiring, voice messaging and FAX store and forward.

U S WEST
High Capacity Forbearance

Customer Locations

On the following maps for the Phoenix and Seattle MSAs, the locations of the existing USWC customers are shown as well as the competitive fiber routes. On separate maps for each of the MSAs, the business population is shown. These maps show that the competitive fibers have been deployed where much of the potential demand is located.

ATTACHMENT 2



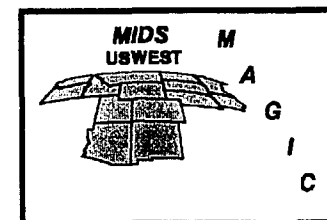
**Competitive Provider Coverage
of the
Phoenix MSA**
USWEST

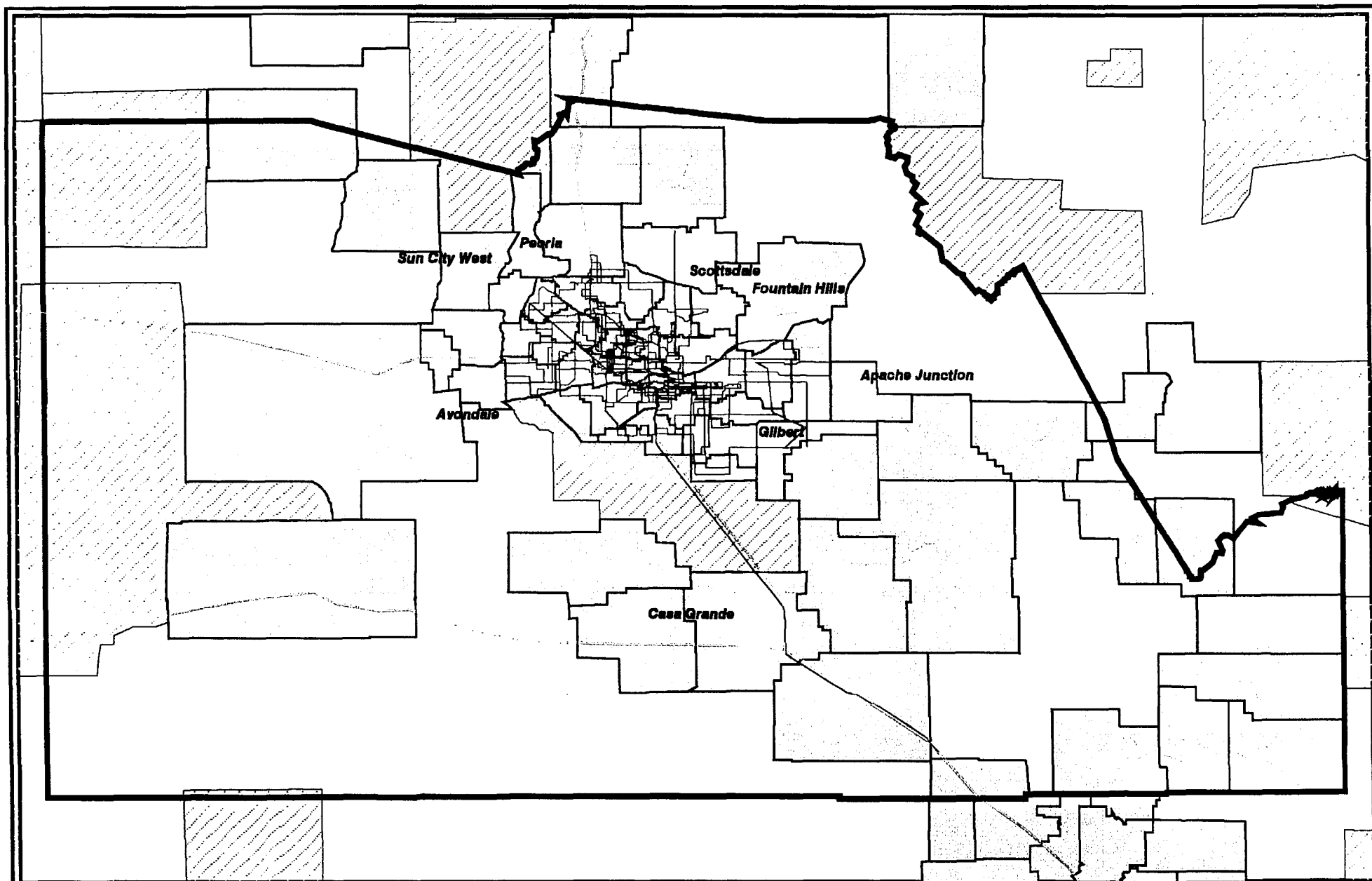


Source : CAP Fiber - Quality Strategies, Business Density -
Claritas/American Business Information 4th Quarter 1998,
U S WEST Customer Billing Records

Legend

- MSA Boundary
- Competitive Access
Provider Coverage
- U S WEST Hicap Services
- Independent Telco's
- Open Territory
- U S WEST Wire Center





**Competitive Provider Coverage
of the
Phoenix MSA**
USWEST



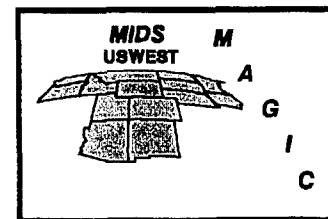
Source : CAP Fiber - Quality Strategies, Business Density -
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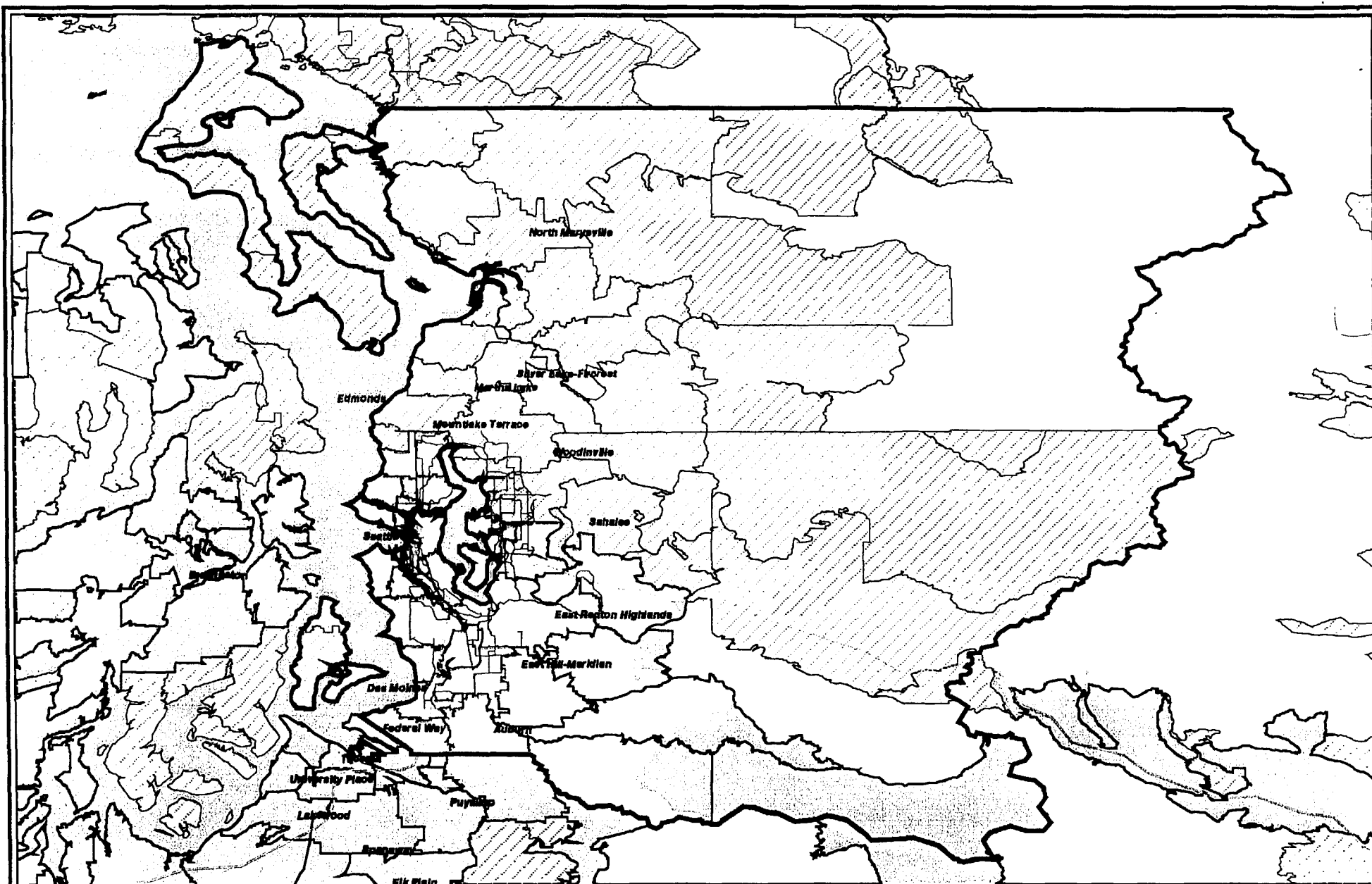
Legend

- MSA Boundary
- Competitive Access
Provider Coverage
- Independent Telco's
- Open Territory
- U S WEST Wire Center

**Business Density
(No. Businesses/SQ. MI.)**

1 - 10
11 - 20
21 - 50
51 - 800
800 +





**Competitive Provider Coverage
of the
Seattle MSA**
USWEST



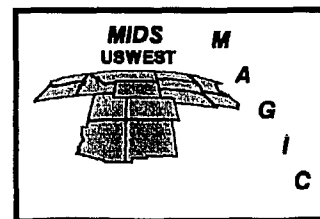
Source: OAP Fiber - Power Engineering, Business Density -
Claritas/American Business Information 4th Quarter 1998,
U.S. WEST Customer Billing Records

Legend

- MSA Boundary
- Competitive Access
Provider Coverage
- Independent Telco's
- Open Territory
- U.S. WEST Wire Center

**Business Density
(No. Businesses/SQ. MI.)**

1 - 10
11 - 20
21 - 50
51 - 800
800 +



ATTACHMENT 3

U S WEST
High Capacity Forbearance

Representative Contracts

Enclosed are five redacted contracts. These are being provided to give the Staff a sense of the contracting that currently occurs under the state jurisdictions. The five contracts are

- Arizona DS1
- Arizona DS3 with SHARP
- Washington master agreement (multiple services)
- Washington OC3
- Washington SHNS

Contracts provided under confidential treatment and are not available in the 'public' version.